

POLICY MANUAL –ROSSBURN MUNICIPALITY
MUNICIPAL TENDERING AND PROCUREMENT POLICY 2015-17

Purpose:

To clearly define the tendering and purchasing standards of the Rosscburn Municipality and to provide guidance to municipal employees, by means of a comprehensive tendering and purchasing policy approved by Council, in their purchases of supplies and materials and services necessary to perform the duties of municipal government.

Purchasing:

The Rosscburn Municipality will observe all applicable legislation including but not limited to the Municipal Act and the Agreement on Internal Trade MASH Annex 502.4. In general, the Rosscburn Municipality will provide fair and equitable treatment to all suppliers and their representatives.

The Rosscburn Municipality will take into consideration all factors in the final cost of a product or service. These factors include but are not limited to:

- Transportation Costs
- Warranties
- Price
- Resale Value
- Quality
- Brands
- Delivery Time
- Current Accounts with the Rosscburn Municipality
- Support and Service Availability
- Expertise in Product/Service Area
- Environmental Sustainability

Therefore, the lowest cost supplier may not necessarily be the chosen supplier dependent upon the acceptance criteria for the goods or services purchased.

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In accordance with the Agreement on Internal Trade MASH Annex 502.4, the Rosssburn Municipality must treat suppliers from another province the same as they treat local suppliers. In accordance with all applicable legislation the Rosssburn Municipality must ensure that its measures do not operate to restrict or impair trade between or through the territories of the Parties to the agreement or investment or labor mobility between the Parties to the agreement.

Purchase Authority:

- a) The following positions have authority to spend on behalf of the Municipality:
 - a. CAO
 - b. Public Works Manager or Supervisor
 - c. Staff receiving authorization from the above
- b) The CAO or staff that has been provided authorization from the CAO may authorize up to \$7,500 purchases provided such funds have been approved within the annual operating budget or capital budget.
- c) Council must approve all purchases over \$7,500 or all purchases which have not been approved for within the annual operating or capital budget.

Levels of Purchases:

The following will be adhered to by all purchasers, whenever practical to do so.

Level One: Petty Cash – Transactions under \$25

Petty cash will be used for small items under \$25 if considered practicable. Petty cash fund is disbursed by the CAO or delegate upon receipt of paid sales slip properly authorized and coded. Expenditures made by staff and in excess of \$25 can be claimed on an expense form. It is not required to obtain quotations on petty cash items. These items can be purchased via a purchase order, petty cash, or cheque.

Level Two: Purchases not requiring Quotations – Transactions under \$2,000

Purchases under \$2,000 may be obtained without a verbal or written quotation in the interests of time and convenience. These items can be purchased via a purchase order, or cheque.

Level Three: Verbal Quotations – Transactions between \$2,000 and \$5,000

Verbal quotations may be obtained for purchases between \$2,000 and \$5,000. Quotations received should be noted on the purchase order.

Quotations should be obtained from a minimum of 2 suppliers. If only one supplier is available locally, comparisons should be made with a non-local supplier.

Unless otherwise specified by Council the CAO is delegated the authority to accept any tender or proposal, the value of which does not exceed \$5,000, provided the lowest bid is accepted and the

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project has received prior authorization from Council. Confirmation, preferably in writing, should be obtained from each Councillor, to ensure that all of Council is in favor of accepting the lowest bid. Documentation should be added to the ensuing purchase order for future reference.

Level Four: Written Quotations – Transactions between \$5,000 and \$20,000

Goods and services valued between \$5,000 and \$20,000 should be awarded on the basis of written quotations.

The purchaser will solicit prices from 3 or more vendors. In the case of proprietary items, more than one price is often not possible and should be so noted on the purchase order. The buyer, wherever possible, should encourage competitive bidding by contacting a minimum of one non-local supplier.

Level Five: Invitational Tenders – Transactions between \$20,000 and \$75,000

Goods and services valued between \$20,000 and \$75,000 shall be awarded by invitational tender and will include all acceptable suppliers. Goods and Services over \$75,000 will be advertised through province wide newspapers and online resources as deemed appropriate by Council.

Level Six: Open Tenders Nationally Advertised – Transactions over \$75,000

Goods and Services valued at \$75,000 and over will be advertised Canada wide using electronic tendering processes available on the Internet in accordance with the Agreement on Internal Trade MASH Annex 502.4. Construction Projects valued at \$200,000 or over will be advertised in accordance with the Agreement on Internal Trade MASH Annex 502.4.

Tender Procedures:

All goods and services over \$20,000 shall be tendered.

Specifications and Terms of Reference

The Department Manager or CAO will be responsible for establishing the specifications and terms of reference for the required products or services being requested regardless of the type of tender process to be used.

Invitational Tenders:

This process will be used for goods or service valued between \$20,000 and \$75,000. Bidders will be invited to provide a bid on a common specified good or service to be submitted by a specified deadline and must be submitted in a sealed envelope by mail or hand delivered to the person receiving the bids. Bids will not be opened until the deadline for receiving such bids has passed. Bids received after the deadline will not be considered.

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Open Tenders:

This process will be used for goods or services valued over \$75,000. The Department Manager or designate in charge of the project will develop tender documents. Tender documents must include a minimum of: Project Name, Description of work and quantities if a unit price contract, Bid Bond, Consent of Surety requirements, Time, date and place of receipt of tender documents, statement that the Municipality “accept any tender and that a tender may not necessarily be accepted.”, location where tender documents may be picked up and the amount of refundable document deposit, and a statement as to whether faxed tenders or faxed tender corrections/revisions will be considered. In addition, the tender envelope must be marked “Tender (specifying what tender the person is bidding on)”, date and time tender competition closes and when and where the tenders will be opened and whether the tender opening is to be public.

The dollar thresholds established for various tendering processes are only guidelines and do not preclude the use of a more formal process for any purchase of goods or services where it may be warranted. For instance, an open tender process can be used at any time.

Negotiated Extensions or Contract Additions

In certain situations purchase contracts that do not specifically allow for extensions to the length or amount of the contract, through negotiation with the supplier may be extended, without re-tendering, if it appears to be in the best interests of the Rossburn Municipality. A resolution of Council is required to approve the extension.

Additional work may also be negotiated based on the original tender and added to a contract after tender award, if due to a lack of supply or availability of the goods or services provided, it is in the best interests of the Rossburn Municipality to add work to the contract. A resolution of Council is required to approve the addition.

Open or Invitational Tendering Procedures:

- a) A tender file will be set up for each contract or purchase to be awarded.
- b) Each contract or purchase to be put to open tender will be advertised in the local newspaper for two consecutive weeks, in addition to the national and provincial advertisement on the Internet.

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- c) The competition for the contract or purchase in an open tender will remain open for a minimum of five working days after the last day the advertisement appears in the local newspaper and will close at 4:00 p.m. on the 5th working day. No tenders will be received after the close of the competition unless there has been no response to the competition. Invitational tenders will remain open for a length of time established by the Director or Manager responsible and will close at 4:00 p.m. on the closing date. No tenders will be received after the close of the competition unless there has been no response to the competition.
- d) Tender bids will be date stamped, the time received written on the tender documents and the tender envelopes inserted into the tender file unopened upon receipt.
- e) Upon the close of tender competition, the tenders received must be opened by the CAO and the Department Manager concerned or their designates. At the opening of the tender the CAO and Department Manager or their designates will place their initials on each tender envelope as it is opened and the date and time of the opening of the tender will also be written on each envelope.
- f) A summary of tenders received and tender bid prices will then be prepared and will be included in the CAO's report for submission to Council, at their next Council Meeting. Council will then determine which tender received is the best offer and may pass a resolution to that effect.
- g) Once Council has accepted a tender, then all tender applicants will be advised by the administration of the outcome of the competition.
- h) Electronic transmission tenders might be accepted on a case by case basis.

Exceptions to Tender Process:

The requirement for a public tender may not apply to the purchase of the following:

- a) Utility Contracts
- b) Contracts or Agreements pertaining to employee compensation, reimbursements, training, education, etc.
- c) Land purchases
- d) Any items designated that in their nature do not lend themselves to a public tender.

Conflict of Interest:

No municipal employee shall place himself/herself or another in a position of advantage when acquiring goods or services on behalf of the municipality. Accepting gifts or favors from vendors with the exception of promotional items and apparel with a value of under \$50.00 is permissible as well as entertainment (excluding alcohol) for the strict purpose of business discussions. Potential conflicts should be referred to the appropriate Department Head or CAO.

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Council and Staff Purchases for Personal Use:

Council and staff will not be allowed to purchase items for personal use through the Municipality's purchase arrangements. This will alleviate potential conflicts of interest as well as minimizing paperwork required for rebilling.

Emergency Purchases:

An emergency purchase occurs when a situation presents itself which requires serious and immediate attention which may not be reasonably met by any other procedure and includes the following without limitation:

- a) A condition where lack of supplies or services may adversely affect the functioning of the Rossburn Municipality, its' residents, public property, private property, the environment or endanger the health of the public.
- b) Interim contractual arrangements following the expiration, abandonment or breach of a contract; or the receipt of unacceptable bids.

Emergency purchases are to be completed in an expedient manner but should take economy into consideration. In each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the CAO.

Procurement Tracking System

Payment of invoices for routine expenditures for which funds have been allocated in the budget, or otherwise which has been approved by council resolution, may be processed and provided to the vendor when:

- 1) Invoice is reviewed and initialled by the CAO and;
- 2) Cheque is signed by one of the CAO and a designated signing authority (first signature);
and
- 3) Cheque is signed by one of the Head of Council and the Deputy Head of Council (second signature).

The Chief Administrative Officer (CAO) will prepare accounts payable listings that include the supplier name, the good(s) and/or service(s) provided and the amount payable to each supplier.

The accounts payable listing(s), supported by invoices, are to be submitted to:

- 1) the finance committee for review and approval
- 2) to the entire council at a meeting of council in the immediate month after the expenditure, for approval by resolution.

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Procurement Reporting System

The CAO will provide Council with a monthly report on contracts awarded under this policy. The CAO will provide Council with a monthly progress report for each capital construction project that is underway. A progress report will be provided each month, beginning with the starting month of the project until the completion of the project when all invoices relating to the project have been paid.

PROCESS FOR SELLING SURPLUS CAPITAL ASSETS:

Surplus capital assets will be disposed of in one the following manner:

- competitive bid process through a Request for Quotations or
- public auction

Invitations to bid on capital assets offered for sale by the municipality will be:

- posted on the municipality’s website for at least 10 before the closing date of the invitation to bid.

Contracts for the sale of a capital asset to a bidder shall be awarded using the evaluation process that is specified in the invitation to bid. The municipality is not required to accept a bid if Council decide not to proceed with the sale, for example, if all bids are too low. The highest or any bid will not necessarily be accepted.

The CAO may, with the approval of council, award surplus capital assets without competition or auction to any municipality in limited circumstances, as determined and approved by Council.

Surplus land (“infill land”):

- Sale of surplus land can be approved by resolution of council. Selling price of “infill land” is set from time to time by resolution of council.
- Selling price for land in new developments is set, from time to time, by resolution of council.
- Council may set restrictions or conditions on the sale of excess land that protects the best interest of the municipality.